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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 5, 1998

BY HAND DELIVERY

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 97-211
Joint Applications of WorldCom, Inc. and MCI Communications Corporation

Dear Secretary Salas:

Transmitted herewith on behalf of WorldCom, Inc. and MCI Communications Corporation please find an original plus twelve (12) copies of the "JOINT REPLY TO COMMENTS IN SUPPORT OF GTE SERVICE CORPORATION MOTION TO DISMISS" to be filed in the above-referenced proceeding. For the Commission's convenience, I have also enclosed a copy of the pleading on a 3.5 inch diskette formatted in an IBM-compatible format using WordPerfect 5.1 for Windows software in a "read only" mode.

I would appreciate it if you would please date-stamp the enclosed extra copy of this filing and return it with the messenger to acknowledge receipt by the Commission.

If you have any questions regarding this submission, please do not hesitate to contact me.

Very truly yours,

Jean L. Kiddoo

Enclosures
cc: All Parties on the Attached Service List

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Applications of WorldCom, Inc. and	)	
MCI Communications Corporation for	)	CC Docket No. 97-211
Transfer of Control of MCI Communications	)	
Corporation to WorldCom, Inc.	)	

To: The Commission

JOINT REPLY TO COMMENTS IN SUPPORT OF
GTE SERVICE CORPORATION MOTION TO DISMISS

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Dated: February 5, 1998

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	)	
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To: The Commission

JOINT REPLY TO COMMENTS IN SUPPORT OF
GTE SERVICE CORPORATION MOTION TO DISMISS

WorldCom, Inc. ("WorldCom") and MCI Communications Corporation ("MCI") (collectively, the "Applicants"), by their undersigned counsel, hereby submit this Joint Reply to the comments in support of the "Motion to Dismiss of GTE Service Corporation" ("Motion") filed by GTE Service Corporation and its affiliated telecommunications companies (collectively, "GTE") on January 5, 1998.[1] None of the parties filing comments in support of the Motion adds any legal basis to support GTE's effort to impose an information standard for non-dominant carrier transfer of control applications that nowhere appears in the Commission's rules or case law, but is instead of

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[1] *Reply Comments of the Communications Workers of America in Support of the Motion to Dismiss (Petition to Deny) Filed by GTE Service Corporation Concerning the Applications of WorldCom, Inc. and MCI Communications Corporation for Proposed Transfer of Control of MCI to WorldCom,* CC Dkt. No. 97-211 (Jan. 27, 1998) ("*CWA Comments*"); *Comments in Support of GTE Service Corporation's Motion to Dismiss,* CC Dkt. No. 97-211 (Jan. 27, 1998) ("*Rainbow Comments*"). Other parties also address briefly the GTE Motion in their responses to the Petitions to Deny. The United States Internet Providers Association and Simply Internet, Inc., each devote one paragraph of their January 26 filings to argue that the alleged failure of MCI and WorldCom to provide information related to specific Internet issues would justify granting GTE's Motion to Dismiss. *Response of the United States Internet Providers Association,* CC Dkt. No. 97-211, at 3-4 (Jan. 26, 1998); *Response of Simply Internet, Inc. and Request for Additional Pleading Cycle,* CC Dkt. No 97-211, at 3-4 (Jan. 26, 1998) (collectively, "the Commenters").

GTE's own creation.[2] As demonstrated in the Joint Opposition,[3] neither the *Bell Atlantic/NYNEX Order* nor any other Commission decision has required that all transfer applicants must address specific public interest criteria in their applications -- and the Commission especially has not done so in the context of non-dominant transfers like this one.

Nor should the Commission be sidetracked by the attempts of the Commenters to bolster the nonexistent legal support for the GTE arguments by setting up a straw man of inapplicable legal standards: this argument first proposes that the Commission apply the informational standards pertaining to other Commission-regulated services and carriers, and then asserts that the Applications fail to meet those standards.[4] For example, comparisons of the highly prescribed standards for Section 271 applications for RBOC in-region long distance authority to transfer of control applications for non-dominant carriers wholly ignore the fact that, whereas Section 271 enumerates very specific elements and evidentiary showings that must be satisfied before RBOCs may obtain in-region interexchange authority, the statutory provisions applicable to this transfer of control application do not require particularized evidentiary showings.[5] Similarly, broadcasting and other radio license application requirements have no bearing on the instant proceeding. Those cases refer to highly structured and specifically prescribed applications for initial authority to provide broadcast radio and cellular telephone services where the Commission has specific rules enumerating the

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[2] *CWA Comments* at 5; *Rainbow Comments* at 3; *see also* n. 1 *supra*.

[3] Joint Opposition to GTE Service Corporation Motion to Dismiss, at 4-5 (filed Jan. 27, 1998) ("Joint Opposition").

[4] *See, e.g., Rainbow Comments* at 5-9.

[5] *See* 47 U.S.C. §§ 214 and 310(d).

elements that must be addressed and information that must be included before an application can be processed. In sharp contrast, non-dominant carrier transfer applications must provide information to support a Commission conclusion that the transfer is in the public interest -- a task which has clearly been accomplished in the Applicants' filings.[6]

Applicants provided abundant information and supporting documentation to support a finding by the Commission that the merger of the Applicants is in the public interest -- the merits of which the Commenters have addressed in their various petitions to deny or other filings on January 26, 1998. As the Applicants demonstrated in their Joint Opposition, however, the Applications and supporting materials provide a sufficient basis for the Commission to establish that the merger of MCI and WorldCom is in the public interest, and thereby satisfy the applicable standards and the threshold pleading requirement necessary for the Commission to deny the GTE Motion.[7]

In sum, the comments in support of the GTE Motion add no new relevant information or legal support for the Commission to consider regarding this matter. Therefore, for the foregoing reasons and those set forth in the Joint Opposition, the Commission should deny GTE's Motion. In addition, the Applicants reiterate their request that the Commission act promptly to deny the Motion in order to put an end to GTE's effort to portray the Commission's procedural scheduling order to

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[6] Even were the Commission to believe that such detailed application requirements as these are necessary or appropriate to non-dominant carrier transfers -- which they are not -- the Commission has not previously announced such specific prerequisites. Certainly, fundamental fairness and due process requires that a new application standard, enforceable by the severe sanction of dismissal, would require full and explicit notice of all such prerequisites. *Salzer v. FCC*, 778 F.2d 869, 871-72 (D.C. Cir. 1985).

[7] Joint Opposition at 7-10.

state regulators as expressing an FCC concern about the adequacy of the Applications. In this regard, Applicants note that this effort by GTE has escalated since the filing of the Joint Opposition, to a point where, on January 29, 1998, GTE told the Public Utilities Commission of Ohio that "*[t]he FCC has recognized these glaring deficiencies. On January 12, 1998, the FCC issued notice seeking public comment on a motion to dismiss the joint application for failure to provide sufficient information.*"[8] Accordingly, prompt Commission action to deny the Motion is more necessary than ever.

Respectfully submitted,

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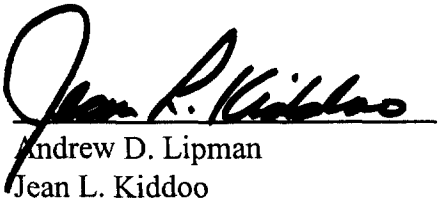

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[8] *GTE Corporation and GTE Communications Corporation's Application for Rehearing,* Case Nos. 97-1580-CT-ZCO, 97-1581-TP-ACO, at 11 (PUC of Ohio, filed Jan. 29, 1998) (emphasis added). GTE also refers to the Commission's procedural order as a "significan[t] . . . development" and does not mention that the motion to dismiss was actually filed by GTE itself. A copy of the GTE Ohio filing is appended hereto as Attachment A (exhibits omitted).

ATTACHMENT A

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of WorldCom, Inc. and MCI Communications Corporation for Approval of an Agreement and Plan of Merger	: : : :	Case No. 97-1580-CT-ZCO
In the Matter of the Application of WorldCom, Inc. and MCI Communications Corporation for Approval of an Agreement and Plan of Merger.	: : : :	Case No. 97-1581-TP-ACO

GTE CORPORATION AND GTE COMMUNICATIONS CORPORATION'S APPLICATION FOR REHEARING

Pursuant to Ohio Rev. Code §4903.10, GTE Corporation and GTE Communications Corporation (hereinafter collectively "GTE") apply for rehearing of the Commission's Entry entered on its journal December 30, 1997 in these proceedings (hereinafter "Entry").

GTE submits that the Entry is unreasonable and/or unlawful for the following reasons:

1. The Entry unreasonably and unlawfully determined that GTE's motion to intervene is moot;

2. The Commission unreasonably and unlawfully ignored the requirements of Ohio Rev. Code §4905.49 by, among other things, determining that no hearing in this matter is required;

3. The Commission unreasonably and unlawfully determined that the issues raised in GTE's motion for intervention are not necessarily Ohio specific;

4. The Commission unreasonably and unlawfully determined that these cases should

proceed in accordance with the automatic approval process provided pursuant to Ohio Rev. Code §4905.402.

Respectfully submitted,

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Trial Attorney for GTE Corporation and GTE Communications Corporation

MEMORANDUM IN SUPPORT

On December 19, 1997, GTE filed its motion to intervene and objections to the proposed merger in these proceedings. GTE demonstrated that the proposed merger would significantly hamper interexchange competition in Ohio and adversely affect GTE's interests. GTE also requested that hearings be ordered in these matters.[1] GTE demonstrated that the proposed merger would reduce from four to three the number of facilities-based national interexchange service providers, and that that would have the real potential to reduce competition in the Ohio interexchange market to the detriment of GTE and Ohio consumers. GTE showed that, pursuant to the guidelines utilized by the United States Department of Justice, the merger would have profound anti-competitive consequences for Ohio and was the type of merger which would raise significant competitive concerns.

WorldCom and MCI not only failed to make an affirmative showing that the proposed merger is consistent with the public interest; they also failed to address the obvious and serious anti-

[1]GTE's Memorandum in Support of Motion to Intervene and Objections, p. 2.

competitive consequences of the proposed merger. WorldCom and MCI also failed to meet their burden pursuant to Ohio Rev. Code §4905.402 to demonstrate that the combination of their local exchange operations is in the public interest.

WorldCom and MCI served their opposition to GTE's motion to intervene and objections on December 24, 1997 (hereinafter "WorldCom/MCI Opposition"). WorldCom and MCI did not adequately respond to GTE's objections to the proposed merger; instead, they accused GTE of attempting to delay the transaction and asserted that GTE's interests would be adequately represented by the Commission Staff.[2] These criticisms are without merit.

First, WorldCom/MCI did not demonstrate that GTE's intervention would unreasonably delay the proceedings. In fact, MCI has previously acknowledged that the merger approval process at the federal level will not be completed until approximately May 1998.[3] In addition, actions taken in at least two other states show that granting GTE's intervention and holding hearings in these matters will not unreasonably delay the merger. The Virginia State Corporation Commission recently extended the date for issuance of a final order from January 23, 1998 to May 22, 1998 ("in order properly to review the requests for hearing and responses thereto").[4] Similarly, in Montana, GTE was granted intervention, and a procedural schedule was adopted pursuant to which hearings will

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[2]WorldCom/MCI Opposition, p. 1.

[3]See, excerpt from transcript of proceedings before the North Carolina Public Utilities Commission, attached hereto as "Exhibit 1".

[4]Petition of MCI Communications Corp. and WorldCom, Inc. for Approval of Agreement and Plan of Merger, Virginia State Corporation Commission Case No. PUA970052, Order dated January 15, 1998, copy attached hereto as "Exhibit 2".

commence May 20, 1998.[5]

WorldCom and MCI failed to rebut GTE's assertion that the proposed merger would create an anti-competitive impact based on the Herfindahl-Hirschman Index ("HHI"). WorldCom/MCI assert, without any supporting rationale, that use of the HHI is outside the scope of this proceeding.[6] This argument is without merit since Ohio Rev. Code §4905.402 requires that the Commission determine whether the proposed merger will promote the public convenience. Clearly, a merger which is anti-competitive does not promote the public convenience. Further, it is irrelevant whether another agency, such as the Department of Justice, will analyze the merger utilizing the HHI. There simply is no reason why a state should not consider the anti-competitive impact of the merger, even though another state or a federal agency is also considering it. Other states have reached this conclusion and have permitted GTE to intervene and have determined to hold hearings to evaluate the proposed merger.[7]

For the foregoing reasons, the Commission's failure to grant GTE's motion to intervene is unreasonable and unlawful. GTE demonstrated that it has a real and substantial interest in this proceeding and that that interest is not represented by any other party. In its Entry, the Commission did not deny this, merely determining that the issues GTE raised would be considered by other

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[5]In re Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc., Montana Public Service Commission Docket No. D97.10.191, Procedural Order dated January 27, 1998. Copies of the pertinent pages of that Order are attached hereto and marked "Exhibit 3".

[6]WorldCom/MCI Opposition, p. 2.

[7]See, for example, In re Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc., Public Utilities Commission of Colorado Docket No. 97A-494T, Order Granting Intervention and Referring Matter to Administrative Law Judge, adopted September 17, 1997 (copy attached hereto as "Exhibit 4"); In re Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc., Montana Public Service Commission Docket No. D97.10.191, Procedural Order dated January 27, 1998, Attachment A, attached hereto as part of Exhibit 3.

agencies. This is unreasonable and unlawful because the Commission had no basis on the record for its conclusion that the issues raised by GTE are not Ohio specific. In the absence of discovery or a more sufficient informational filing by WorldCom/MCI, it is simply impossible to conclude that the competitive impact in Ohio of the merger will be the same as the impact on the federal level. In order to make such a determination, one must have, at a minimum, information regarding the relative market shares at both the state and federal levels. If the market shares are different at the state level, it is apparent that the competitive impact will be different.

Because WorldCom and MCI's application completely failed to provide adequate information to evaluate the competitive impacts of the merger, it was unreasonable and unlawful for the Commission to fail to hold a hearing in these proceedings. Indeed, it is for this reason that the FCC is soliciting comments on a motion to dismiss WorldCom's application on the ground that it provides insufficient information.

A hearing is required for two reasons. First, absent a hearing, it is impossible for the Commission to determine whether the public convenience standards of Ohio Rev. Code §4905.402 and of Ohio Rev. Code §4905.49[5] are met.

Second, when two telephone companies doing business in Ohio wish to consolidate, Ohio Rev. Code §4905.49 requires that the Commission fix a time and place for the hearing on the petition for consolidation. Section 4905.49 states, in pertinent part:

> If, after such hearing, the commission is satisfied that such consolidation will promote public convenience, and will furnish the public adequate service for a reasonable rate . . . it shall make an order authorizing such consolidation, . . . [emphasis added]

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[5]In the Entry, the Commission unreasonably and unlawfully fails to even consider the requirements of this statute. For example, the joint petition was not signed and verified by the president and secretary of each company.

The requirement of a hearing is not discretionary pursuant to Ohio Rev. Code §4905.49 since the statute states: "upon such filing the Commission shall fix a time and place for the hearing of such petition." [emphasis added] The statute does not eliminate the requirement of a hearing merely because the Commission determines that one or more federal agencies may also analyze similar issues. Accordingly, it was unreasonable and unlawful for the Commission to determine that no hearing is required in these proceedings.

Because of its failure to hold a hearing, there was not sufficient information in the record to determine that the issues raised by GTE are not necessarily Ohio specific. Accordingly, it was unreasonable and unlawful to conclude that the issues raised by GTE ". . . are not necessarily Ohio specific, but rather, relate to concerns which will need to be addressed on a national level by entities such as the Federal Communication Commission and the Department of Justice." Entry page 4.

The applications filed by WorldCom and MCI do not contain sufficient information to enable one to determine that the competitive impact on Ohio will be identical to the competitive impact at the federal level. There is therefore no basis for concluding, as the Commission apparently did, that the proceedings to be conducted by federal agencies will necessarily analyze the same facts and utilize the same standards as the Commission would in determining whether the Ohio public interest is served by this blatantly anti-competitive merger. Absent more evidence, which can only be properly elicited through discovery and tested by cross-examination at a hearing, the Commission will never know whether Ohio specific issues exist.

GTE believes that the proposed transaction raises significant intrastate issues requiring this Commission's examination. As stated in GTE's Motion to Intervene, the Petitioners fail to make an affirmative showing that the proposed merger is consistent with the public interest, and fail altogether

to address serious anti-competitive consequences the proposed combination will have on the provision of intrastate exchange service. [Motion to Intervene at page 8]

Although GTE has not yet had an opportunity for discovery in this matter, some alarming evidence from other proceedings clearly establishes that GTE's concerns regarding the significant adverse affects that the proposed merger would have in Ohio are well-founded. Specifically, in its submission to the FCC in opposition to the proposed merger, Bell Atlantic provided evidence by way of an affidavit showing that MCI conditioned the sale of its **intrastate** carrier network services to Bell Atlantic on a 35% price penalty if Bell Atlantic competed for MCI customers.[9] This conduct, which Bell Atlantic has characterized as anti-competitive, places Bell Atlantic -- and other resellers such as GTE -- at a distinct competitive disadvantage. Although MCI's restrictive policies are harmful to resellers such as GTE, the party most significantly harmed is the Ohio consumer who does not benefit from vigorous competition at the intrastate level. This harm is exacerbated by the fact that it has been GTE's experience that AT&T simply does not offer competitively priced intrastate toll service for resale. Therefore, the merger will, in actuality, reduce from three to two, the number of facilities-based IXCs who could provide intrastate toll service for resale. Without WorldCom to act as a check upon practices such as MCI's, the welfare of Ohio consumers will be harmed.

Because Bell Atlantic's opposition was filed on January 5, 1998, GTE did not know, nor could have known of MCI's policies to minimize competition for intrastate long distance at the time of its original Motion to Intervene dated December 19, 1997. Moreover, this Commission would still be deprived of this information had not the recipient of the restrictive proposal, Bell Atlantic, opposed the proposed merger at the federal level and made these documents public. In view of restrictive

[9] A copy of the Bell Atlantic affidavit is attached hereto as "Exhibit 5".

policies such as these which directly affect the ultimate rates that Ohio consumers are charged, combined with the failure of WorldCom and MCI to make an affirmative showing that the merger is in the public interest, GTE submits that the joint applicants have failed to meet their §4905.402 and §4905.49 burden of establishing that the proposed merger "will promote public convenience and result in the provision of adequate service for a reasonable rate, rental, toll or charge."

GTE's own situation demonstrates the anti-competitive nature of the merger. GTE buys most of its long-distance transmission capacity from WorldCom. While the Petitioners have provided no wholesale market data, GTE believes WorldCom may be the largest or second largest provider of wholesale capacity. Whatever its share of that market, WorldCom has aggressively pursued wholesale supply arrangements as a means of indirectly serving residential and small business customers. WorldCom's focus on the wholesale market saves it significant advertising and promotion costs that would otherwise be passed on to customers. GTE's experience as a consumer of long-distance service is that WorldCom has been far more price-competitive than its large rivals, AT&T, MCI, and Sprint. Moreover, WorldCom has committed to providing advanced features and capabilities to its wholesale customers--features that the other large interexchange carriers (IXCs) refuse to provide to resellers.[10] These advanced capabilities (e.g., 800 service, AIN, frame relay) are essential elements of the services that GTE and other carriers resell to business and residential

[10]GTE's experiences in the resale market are not unique. For example, Bell Atlantic's FCC Petition to Deny the Application of WorldCom included an affidavit from the Company's Director of Business Product Marketing discussing the large long distance incumbents' refusal to provide Bell Atlantic Long Distance "the features and facilities necessary to provide service to large and medium-sized business customers." Bell Atlantic observed that the merger would make resale problems worse, as "WorldCom apparently was in the process of beginning to develop these high-end business features." Bell Atlantic's Petition to Deny the Application of WorldCom or, in the Alternative, to Impose Conditions, Jan. 5, 1998 at 14 and App. B, Affidavit of Steven Au Buchon. In its Petition to Deny the merger application, TMB, another reseller, complained about MCI's "treacherous and duplicitous business practices" and that MCI had "held back the competitive products from TMB that the reseller needed to preserve its customer base." TMB notes that its experience "is that of many resellers and other small businesses that have contracted with MCI." (TMB's Petition to Deny, filed Jan. 5, 1998, at 2, 5.)

customers. Without access to them, GTE would be seriously hampered in the marketplace.

The merger, if it is consummated, would predictably alter WorldCom's incentives and practices in the wholesale market. Rather than welcoming resellers as a distribution channel, WorldCom will realize that increased sales through resellers would diminish its profits by cannibalizing MCI's lucrative retail customer base. GTE, therefore, expects that WorldCom will increase its wholesale rates, limit the range of advanced capabilities offered to resellers and discontinue commitments to develop additional wholesale capabilities. GTE certainly has a substantial interest in preventing these unfavorable consequences for the wholesale market in which it operates. The Commission should share this interest, as most long-distance competition will develop first through resale channels.

The deficiencies of Petitioners' joint application specifically relating to local exchange issues unique to Ohio are significant. For example, WorldCom has announced anticipated merger synergies of $1.2 billion in the year 2002. However, analysis of WorldCom's SEC filings and recent announcements first by WorldCom and now by MCI not to compete for residential customers, suggests that these so called "synergies" may stem, in large part, from diminished competition at the local level.

Timothy Price, MCI's President and Chief Operating Officer, in a speech to the National Press Club in Washington recently announced that MCI was abandoning efforts to resell local service to residential customers. Mr. Price stated that MCI would focus on providing facilities-based service to business customers.[11]

This likely diminution in competition at the local exchange level is also indicated by an analysis

[11] Telecommunications Reports January 26, 1998, p. 17, attached hereto as "Exhibit 6".

of financial documents filed by WorldCom with the SEC. These documents make it clear that the merged company plans to abandon MCI's previous plan to build out its network in order to serve residential and small business customers. That analysis shows that the merged entity plans to reduce investment in the local exchange market by $5.3 billion over the next four years. See SEC Form 8-K filed by WorldCom, Inc., on November 9, 1997. Even if WorldCom/MCI wanted to compete for local residential customers, the $14 billion debt burden it will be taking on as part of the merger would hamper its ability to invest its cash flow in long-term capital improvements after the merger.

Moreover, MCI Metro, an affiliate of MCI, obtained certification for the provision of basic local exchange service in Case No. 94-2012-TP-ACE. Several affiliates or acquisitions of WorldCom - including MFS Intelenet (Case No. 94-2019-TP-ACE) and Brooks Fiber (Case No. 96-349-TP-ACE) are likewise certified in parts of Ohio. The certification of these affiliates clearly indicates that, prior to the merger, both WorldCom and MCI independently contemplated providing basic local exchange service in Ohio. The precise extent to which the merged entity will provide local exchange service in Ohio cannot be determined without discovery, but the merger will surely eliminate one of these competitors at the local level.

As shown above, important questions relating to issues specific to Ohio are unanswered in Petitioners' application and more significantly, by virtue of this Commission's December 30, 1997 Entry, remain unasked. Petitioners' application gives no information about the impact that this merger will have in Ohio, and thus no specific information on which this Commission can base a meaningful public interest inquiry. The absence of any Ohio-specific information in the joint application, may well have led the Commission to conclude that no Ohio-specific issues existed. However, Petitioners should not be permitted to deflect the necessary investigation by this

Commission by failing to provide specific facts regarding the merger's impact on Ohio consumers, nor should they, through conclusory statements regarding unidentified synergies and by failing to disclose MCI's restrictive intrastate policies, seek to have this Commission rubber stamp a $37 billion merger.

The FCC has recognized these glaring deficiencies. On January 12, 1998, the FCC issued notice seeking public comment on a motion to dismiss the joint application for failure to provide sufficient information. Despite the significance of this development, GTE argues now, as it did in its Reply to Opposition, that this Commission has an independent statutory duty pursuant to Revised Code §§4905.402 and 4905.49 to determine if the proposed merger is in the public interest of Ohio. Deferring to federal entities to fulfill its statutory obligations is both misplaced and inappropriate. Because the federal agencies reviewing this transaction are not specifically charged with protecting the interest of Ohio consumers, if this Commission fails to subject the proposed merger to proper scrutiny, which can only be accomplished by holding hearings after appropriate discovery, a determination on the merger will be made without the interests of Ohio consumers ever having been considered.

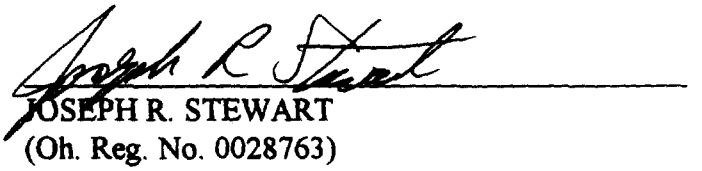
The Commission need not be concerned that its own review will undermine those of the FCC or the Justice Department. The Justice Department does not approve mergers, it only reviews them for potential problems that may become subject to action if they are not remedied. The recent past FCC Chairman has invited the States to become more active in merger assessment. Former Chairman Hundt observed that the commitments and conditions imposed in the Bell Atlantic-NYNEX merger last year had been "drawn from the best practices of all the states in the region, that are not incompatible as I see it with the bulk of the actual decisions by these states, and that can be enforced

either at the FCC or in the states." Chairman Hundt emphasized the urgent need for states to perform their own public interest analyses: "It is critically important that the states join us in promoting competition policies in connection with mergers." (Remarks by Chairman Reed Hundt to State Commissioners on the Bell Atlantic/NYNEX Merger, delivered at Philadelphia, PA on Oct. 3, 1997).

The Commission's reliance upon the so-called "automatic approval process" of Ohio Rev. Code §4905.402, is also unreasonable and unlawful. As shown above, the Commission did not have a sufficient factual basis to determine that the analysis to be conducted by federal agencies will necessarily review the same issues and facts as would be applicable to Ohio. Second, the need for a hearing pursuant to Ohio Rev. Code §4905.49 is mandatory and therefore negates any "automatic approval process" which may be permissible under Ohio Rev. Code §4905.402.

In light of the foregoing, the Commission should grant GTE's application for rehearing, revoke any existing approval of the merger, determine that intervention is appropriate, permit discovery, and hold hearings in these matters. Failure to do this will make it impossible to determine whether the merger is anti-competitive and thus inconsistent with Ohio's public interest. Further, unless the Commission holds hearings, it will be in violation of Ohio Rev. Code §4905.49.

Respectfully submitted,



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Trial Attorney for GTE Corporation and GTE Communications Corporation

CERTIFICATE OF SERVICE

I, Alice M. Curry, hereby certify that on February 5, 1998 a copy of the foregoing "JOINT REPLY TO COMMENTS FILED IN SUPPORT OF GTE SERVICE CORPORATION MOTION TO DISMISS" was sent by First Class United States Mail, postage prepaid, to the following:

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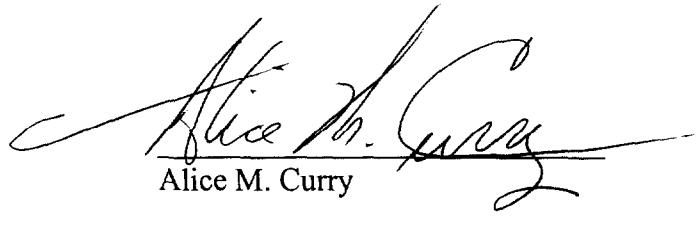

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